

12 October 1978

MEMORANDUM

SUBJECT: US-Korean Security Relations in 1978

Seoul welcomed President Carter's announcement on 21 April about the revised schedule for withdrawing the first brigade of the Second Division. Although the decision has renewed hopes that the withdrawal policy may be subject to review, the South Koreans are still apprehensive that the US will not transfer compensatory aid before troops come out.

Notwithstanding the strains caused by the withdrawal plan, security relations with Seoul have progressed relatively smoothly over the past year.

--The visit of Undersecretary of Defense for Research and Engineering Perry to Seoul in February 1978 had a strongly favorable impact, promising to open up a new area of bilateral cooperation. In May, Dr. Sim Mun-taek, director of the Agency for Defense Development, visited the Pentagon for more specific discussions on arms production cooperation.

--The commitment to R&D cooperation has improved bilateral studies of South Korean weaponry needs. In the case of the Korean indigenous tank--where Washington will help produce two prototypes--joint planning strengthens the likelihood that Seoul will choose American technology and that the Koreans will develop a better understanding of battlefield requirements.

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--Seoul has viewed the visits of ranking US officials, particularly Dr. Brzezinski, and highly visible military maneuvers, such as the 11-day "Team Spirit" exercise held in March, as vital indications of US interest in Korea.

Officials in all sectors of the government acknowledge the need for Korea to strengthen its own defense capabilities, but there is increasing controversy as to how to achieve this goal.

--Economic and military planners are continuing their "guns or butter" debate over the share of national resources to be devoted to defense. Defense officials seek levels of 7 percent of GNP for 1979 and 7.5 percent by 1981. The Economic Planning Board, on the other hand, argues that rapid industrial growth will allow substantial real increases in military spending if the defense share of GNP is held steady or even modestly reduced from its current level of 6.6 percent. At present, President Pak seems inclined toward the view of the economic planners.

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As this strategy--and the related issue one of weapon needs--continues to be weighed against reappraisals of North Korean military capabilities, Seoul almost certainly will seek to review with the US plans for military aid, the transfer of technology, and the withdrawal scenario itself.